

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the Matter of:

National Mergers & Acquisitions Board

Enforcement Case No. 06-3962

Respondent

Issued and entered
on March 28, 2006
by Linda A. Watters
Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Services (OFIS) of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, PA 306, as amended; MCL 24.201 *et seq.*; the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCL 451.501 *et seq.* (Act), and the rules promulgated under the Act, says that:

**I.
BACKGROUND**

1. National Mergers & Acquisitions Board (NMAB) is located at: 645 Griswold Street, Detroit, Michigan 48226, as stated on their website.
2. NMAB has an Internet site at: www.nationalmaboard-gov.us
3. NMAB's website states, "The National Mergers and Acquisitions Board is established to promote investor confidence in the securities and capital markets by providing more structure **and government oversight**. The mission of the National Mergers and Acquisitions Board is to protect investors and maintain integrity of the securities industry, overseeing major participants in the industry, including stock exchanges, broker-dealers, investment advisors, mutual funds, and public utility holding companies. The National Mergers and Acquisitions Board is concerned primarily with promoting disclosure of important information, **enforcing securities laws**, and protecting investors who interact with these various organizations and individuals.

Crucial to the National Mergers and Acquisitions Board's effectiveness is its enforcement authority. Each year the National Mergers and Acquisitions Board brings more and more enforcement actions against individuals and companies that break the securities laws. Typical infractions include insider trading, accounting fraud, and providing false or misleading information about securities and the companies that issue them.

Aside from administering and enforcing federal securities laws in order to maintain fair, honest, and efficient markets, the National Mergers and Acquisitions Board has continuously committed itself to disseminating information to the investing public in a timely and efficient manner, one channel of which is through its Website that offers the public a wealth of informational resources.

Fighting securities fraud, however, requires teamwork. At the heart of effective investor protection is an educated and cautious investor. **While it is the primary overseer and regulator of the securities markets, the National Mergers and Acquisitions Board works closely with many other institutions, including other federal departments and agencies, the self regulatory organizations, state securities regulators, and various private sector organizations.**" (Emphasis Added.)

4. NMAB does not have any regulatory authority to administer or enforce Michigan's securities laws.
5. NMAB does not have any regulatory authority to administer or enforce federal securities laws.
6. NMAB does not work closely with federal departments and agencies, the self regulatory organizations, and state securities regulators.
7. Section 101 of the Act, MCL 451.501, states that it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:
 - (1) To employ any device, scheme, or artifice to defraud.
 - (2) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.
 - (3) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
8. On December 13, 2005, OFIS received an inquiry about the existence of NMAB and whether it was a regulator with the State of Michigan.

9. Section 407(a)(2) of the Act, MCL 451.807(a)(2) provides that the administrator in its discretion may require or permit any person to file a statement in writing, under oath or otherwise as the administrator determines, as to all the facts and circumstances concerning the matter to be investigated.
10. On December 21, 2005, the Office of Financial and Insurance Service sent NMAB a letter by facsimile to 313-731-0379, the facsimile number listed on their website, requesting information about NMAB. OFIS told NMAB to supply the requested information within 15 days of receipt of the letter.
11. The facsimile transmittal result report shows that the letter was successfully transmitted on December 21, 2005 @ 11:39 a.m.
12. NMAB failed to respond to the request for information.
13. On December 22, 2005, the Office of Financial and Insurance Service mailed NMAB a certified letter to, 645 Griswold Street, Detroit, Michigan 48226, the address listed on their website, requesting information about NMAB.
14. On January 11, 2006, the United States Postal Service returned the certified letter to the Office of Financial and Insurance Services stamped "Return to Sender – Suite or Apartment Number Needed."
15. On January 18, 2006, the Office of Financial and Services called NMAB to obtain a suite number, but NMAB told OFIS there was no suite number.

II CONCLUSIONS OF LAW

WHEREAS, Section 408 of the Act, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Services) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, NMAB, in connection with the offer, sale, or purchase of securities, directly or indirectly, violated Section 101 of the Act, MCL 451.501, by:

- (1) Employing their website as a device, scheme, or artifice to defraud.
- (2) Making any untrue statement of a material fact on their website and omitting to state a material facts on their website necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

- (3) Engaging in acts, practices, or courses of business, which operated as a fraud or deceit upon any person; and

WHEREAS, NMAB has not responded to the request for information, sent by the Office of Financial and Insurance Services; and

WHEREAS, based on the foregoing, OFIS Staff recommends that the Commissioner find that NMAB is engaged in acts and practices that violate Sections 101 and 407(a)(2) of the Act and Rule promulgated under the Act; and

WHEREAS, this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Act; and

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, that:

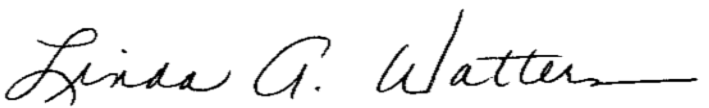
1. NMAB shall immediately CEASE AND DESIST from violating Section 101 of the Act, MCL 451.501 by:
 - (a) Employing their website as a device, scheme, or artifice to defraud.
 - (b) Making any untrue statement of a material fact on their website and omitting to state material facts on their website necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.
 - (c) Engaging in acts, practices, or courses of business, which operated as a fraud or deceit upon any person.

Failure to comply with this ORDER will subject you to one or more of the following:

- a. A civil penalty of not more than \$1,000 for each violation of this act, but not to exceed a total of \$10,000.
- b. A criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909. If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this order will stand as entered and will be FINAL.

MICHIGAN DEPARTMENT OF
LABOR AND ECONOMIC GROWTH

B, 

Linda A. Watters, Commissioner
Office of Financial and Insurance Services